

**COUNTY OF MILWAUKEE**

Balance Sheet  
Governmental Funds  
December 31, 2007  
(In Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Investments	\$ 109,124	\$ 6,652	\$ 23,182	\$ 11,425	\$ 150,383
Cash and Investments -- Restricted	5,779	-	-	32,603	38,382
Receivables:					
Accounts (Net of Allowances for Doubtful Accounts)	11,727	-	-	-	11,727
Property Taxes:					
Current Levy	250,733	-	-	-	250,733
Delinquent	11,778	-	-	-	11,778
Accrued Interest	5,615	-	-	-	5,615
Notes Receivable	1,260	2,759	-	-	4,019
Other	8,730	-	109	-	8,839
Due From Other Governments	36,168	-	610	-	36,778
Inventories	1,269	-	-	-	1,269
Prepaid Items	1,450	-	-	-	1,450
Total Assets	<u>\$ 443,633</u>	<u>\$ 9,411</u>	<u>\$ 23,901</u>	<u>\$ 44,028</u>	<u>\$ 520,973</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts Payable	\$ 49,584	\$ 171	\$ 5,918	\$ 77	\$ 55,750
Accrued Liabilities	32,996	410	-	-	33,406
Accrued Pension Payable	49,794	-	-	-	49,794
Other Liabilities	328	-	-	1	329
Due to Other Governments	2,279	-	-	-	2,279
Deferred Revenues	260,378	2,759	-	-	263,137
Total Liabilities	<u>395,359</u>	<u>3,340</u>	<u>5,918</u>	<u>78</u>	<u>404,695</u>
Fund Balance:					
Reserved for 2009 Appropriations	7,947	-	-	-	7,947
Reserved for 2008 Appropriations	4,901	-	-	-	4,901
Reserved for Debt Service	-	6,071	-	-	6,071
Reserved for Encumbrances	11,810	-	17,983	-	29,793
Reserved for Aging CMO	5,779	-	-	-	5,779
Reserved for Inventories	1,269	-	-	-	1,269
Reserved for Health and Safety	-	-	-	112	112
Reserved for Zoo	-	-	-	587	587
Reserved for Parks	-	-	-	853	853
Reserved for Persons with Disabilities	-	-	-	124	124
Reserved for Behavioral Health Division	-	-	-	9,671	9,671
Reserved for Airport PFC	-	-	-	32,603	32,603
Unreserved -- Designated for Delinquent Property Tax	8,278	-	-	-	8,278
Unreserved -- Designated for Economic Development	200	-	-	-	200
Unreserved -- Designated for Housing	1,954	-	-	-	1,954
Unreserved -- Designated for Aging CMO	4,919	-	-	-	4,919
Unreserved -- Designated for Investments	1,217	-	-	-	1,217
Total Fund Balance	<u>48,274</u>	<u>6,071</u>	<u>17,983</u>	<u>43,950</u>	<u>116,278</u>
Total Liabilities and Fund Balance	<u>\$ 443,633</u>	<u>\$ 9,411</u>	<u>\$ 23,901</u>	<u>\$ 44,028</u>	<u>\$ 520,973</u>

COUNTY OF MILWAUKEE  
Reconciliation of the Balance Sheet  
of Governmental Funds  
to the Statement of Net Assets  
For the Year Ended December 31, 2007  
(In Thousands)

Total Fund Balances for Governmental Funds as of 12/31/07	\$	116,278
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**Total net assets reported for governmental activities in the statement of net assets is different because of the following:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets, except for internal service funds, consist of:

Land		58,138
Construction in Progress		11,565
Land Improvements		220,126
Buildings and Improvements		532,504
Infrastructure		138,062
Machinery, Vehicles and Equipment		55,232
Less: Accumulated Depreciation		(452,486)

Internal service funds are used by management to charge costs associated with risk management, data processing services and public works services including fleet management and facilities management. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:

17,459

Amounts to be collected under long-term receivables are not available to pay for the current period expenditures, and therefore are reported as deferred in the funds.

11,971

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities, except for portions payable early in the following year for which sufficient resources have been accumulated in the funds to liquidate liabilities. These liabilities, except internal service fund liabilities, consist of:

Bonds and Notes Payable		(379,992)
Unamortized Debt Issuance Costs		423
Net Pension Obligation		(24,369)
Unfunded Claims and Judgments		(20,000)
Landfill Postclosure Costs		(4,235)
Compensated Absences Payable		(46,578)
Other Post Employment Benefits		(43,401)

Interest on long-term debt is not accrued in governmental funds; rather, it is recognized as an expenditure when due. These liabilities are reported in the statement of net assets.

(5,308)

Total Net Assets of Governmental Activities as of 12/31/07

	\$	185,389
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The notes to the financial statements are an integral part of this statement.

COUNTY OF MILWAUKEE  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For The Year Ended December 31, 2007  
(In Thousands)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Intergovernmental	\$ 363,920	\$ -	\$ 6,894	\$ -	\$ 370,814
Property Taxes	243,144	-	-	-	243,144
Sales Taxes	62,981	-	632	-	63,613
Charges for Services	337,014	-	-	10,464	347,478
Fines and Forfeits	3,571	-	-	-	3,571
Licenses and Permits	552	-	-	-	552
Investment Income and Rents	17,741	-	1,355	1,315	20,411
Other	26,922	5,471	1,936	181	34,510
<b>Total Revenues</b>	<b>1,055,845</b>	<b>5,471</b>	<b>10,817</b>	<b>11,960</b>	<b>1,084,093</b>
<b>Expenditures:</b>					
Current:					
Legislative, Executive and Staff	36,094	-	-	-	36,094
Courts and Judiciary	61,120	-	-	-	61,120
General Governmental Services	7,886	-	-	-	7,886
Public Safety	147,082	-	-	-	147,082
Public Works and Highways	16,142	-	-	12,479	28,621
Human Services	617,455	-	-	607	618,062
Parks, Recreation and Culture	65,638	-	-	776	66,414
Other	3,161	70	-	-	3,231
Capital Outlay	-	-	33,587	-	33,587
Debt Service:					
Principal Retirement	-	31,063	-	-	31,063
Interest	-	15,473	-	-	15,473
<b>Total Expenditures</b>	<b>954,578</b>	<b>46,606</b>	<b>33,587</b>	<b>13,862</b>	<b>1,048,633</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>101,267</b>	<b>(41,135)</b>	<b>(22,770)</b>	<b>(1,902)</b>	<b>35,460</b>
<b>Other Financing Sources (Uses):</b>					
General Obligation Bonds Issued	-	-	33,625	-	33,625
Transfers In	68,506	46,783	22,508	-	137,797
Transfers Out	(162,030)	(5,150)	(23,367)	-	(190,547)
<b>Total Other Financing Sources (Uses)</b>	<b>(93,524)</b>	<b>41,633</b>	<b>32,766</b>	<b>-</b>	<b>(19,125)</b>
<b>Net Change in Fund Balances</b>	<b>7,743</b>	<b>498</b>	<b>9,996</b>	<b>(1,902)</b>	<b>16,335</b>
<b>Fund Balances - Beginning (As Restated)</b>	<b>40,531</b>	<b>5,573</b>	<b>7,987</b>	<b>45,852</b>	<b>99,943</b>
<b>Fund Balances - Ending</b>	<b>\$ 48,274</b>	<b>\$ 6,071</b>	<b>\$ 17,983</b>	<b>\$ 43,950</b>	<b>\$ 116,278</b>

The notes to the financial statements are an integral part of this statement.

COUNTY OF MILWAUKEE  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balance  
of Governmental Funds  
to the Statement of Activities  
For the Year Ended December 31, 2007  
(In Thousands)

Net change in fund balances -- total governmental funds	\$	16,335
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**Amounts reported for governmental activities in  
the statement of activities are different because:**

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay reported as an expenditure in the Capital Project Fund		33,587
Capital outlay reported as an expenditure in the General Fund		630
Items reported as capital outlay that were not capitalized		(3,060)
Depreciation reported in the government-wide statements		(38,616)
Net book value of assets retired		(10,901)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		636
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Debt issued		(33,625)
Principal repaid		31,063

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		(232)
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Principal payments reduce notes receivable on the Statement of Net Assets but are reported as revenues in the funds.		(1,116)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued Interest Payable		523
Amortization of Bond Costs		(1,006)
Net Pension Obligation		1,267
Unfunded Claims and Judgments		(10,000)
Landfill Postclosure Costs		636
Compensated Absences Payable		(668)
Other Postemployment Benefits		(43,401)

Change in net assets of governmental activities	\$	(57,948)
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COUNTY OF MILWAUKEE  
Statement of Revenues, Expenditures and  
Changes in Fund Balances-Budget and Actual  
(Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2007  
(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Intergovernmental	\$ 357,734	\$ 362,266	\$ 363,920	\$ 1,654
Property Taxes	242,448	242,529	243,144	615
Sales Taxes	65,922	65,922	62,981	(2,941)
Charges for Services	320,265	342,625	337,014	(5,611)
Fines and Forfeits	3,558	3,558	3,571	13
Licenses and Permits	437	437	552	115
Investment Income and Rents	10,657	10,657	17,741	7,084
Other	32,351	32,054	26,922	(5,132)
Total Revenues	<u>1,033,372</u>	<u>1,060,048</u>	<u>1,055,845</u>	<u>(4,203)</u>
Expenditures:				
Current:				
Legislative, Executive and Staff	37,856	39,320	37,733	1,587
Courts and Judiciary	63,590	63,878	61,828	2,050
General Governmental Services	7,638	9,474	8,221	1,253
Public Safety	148,857	148,105	148,040	65
Public Works and Highways	16,706	16,720	16,194	526
Human Services	604,434	626,389	620,623	5,766
Parks, Recreation and Culture	61,882	61,789	59,680	2,109
Other	2,414	19,660	5,849	13,811
Total Expenditures	<u>943,377</u>	<u>985,335</u>	<u>958,168</u>	<u>27,167</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>89,995</u>	<u>74,713</u>	<u>97,677</u>	<u>22,964</u>
Other Financing Sources (Uses):				
Application of Fund Balance				
Reserved for 2007 Appropriations	4,664	4,664	4,664	-
Transfers In	-	-	68,506	68,506
Transfers Out	(88,303)	(73,021)	(162,030)	(89,009)
Transfers To Component Units	(6,356)	(6,356)	(6,356)	-
Total Other Financing Sources (Uses)	<u>(89,995)</u>	<u>(74,713)</u>	<u>(95,216)</u>	<u>(20,503)</u>
Net Change in Fund Balance	-	-	2,461	2,461
Fund Balances -- Beginning (As Restated)	40,531	40,531	40,531	-
Fund Balances -- Ending	<u>\$ 40,531</u>	<u>\$ 40,531</u>	<u>\$ 42,992</u>	<u>\$ 2,461</u>

The notes to the financial statements are an integral part of this statement.



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COUNTY OF MILWAUKEE

Balance Sheet

Proprietary Funds

December 31, 2007

(In Thousands)

	Business-Type Activities -- Enterprise Funds			Governmental Activities -- Internal Service Funds
	Airports	Transit System	Total	
<b>Assets</b>				
Current Assets:				
Cash and Investments	\$ 34,403	\$ 21,467	\$ 55,870	\$ 22,566
Cash and Investments -- Restricted	38,650	-	38,650	-
Receivables:				
Accounts (Net of Allowances for Uncollectible Accounts and Contractual Adjustments)	4,976	-	4,976	1,012
Other	79	3,769	3,848	-
Due From Other Governments	-	3,620	3,620	-
Inventories	-	3,093	3,093	648
Prepaid Items	-	278	278	148
Other Post Employment Benefit Asset	-	1,844	1,844	-
Other Assets	-	189	189	-
Total Current Assets	78,108	34,260	112,368	24,374
Capital Assets:				
Land	18,594	2,772	21,366	1,382
Construction in Progress	15,936	510	16,446	6,522
Land Improvements	135,067	6,477	141,544	10,087
Building and Improvements	270,470	60,025	330,495	101,308
Furniture, Vehicles and Equipment	7,780	160,955	168,735	76,660
Total Capital Assets	447,847	230,739	678,586	195,959
Less Accumulated Depreciation	(179,678)	(138,616)	(318,294)	(138,407)
Net Capital Assets	268,169	92,123	360,292	57,552
Total Assets	\$ 346,277	\$ 126,383	\$ 472,660	\$ 81,926
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 2,348	\$ 2,419	\$ 4,767	\$ 1,790
Accrued Liabilities	383	2,122	2,505	-
Accrued Interest Payable	886	323	1,209	547
Unearned Revenues	13,061	2,899	15,960	220
Bonds and Notes Payable - General Obligation	1,215	2,027	3,242	5,115
Bonds and Notes Payable - Revenue	7,415	-	7,415	-
Compensated Absences	1,332	5,395	6,727	2,812
Risk Claims	-	6,216	6,216	5,583
Other Liabilities	10	2,943	2,953	-
Total Current Liabilities	26,650	24,344	50,994	16,067
Long-Term Liabilities:				
Bonds and Notes Payable - General Obligation	4,968	21,265	26,233	37,744
Bonds and Notes Payable - Revenue	176,798	-	176,798	-
Compensated Absences Payable	1,384	4,199	5,583	3,035
Risk Claims	-	7,149	7,149	3,406
Other Post Employment Benefits	1,906	-	1,906	4,215
Capital Leases	400	-	400	-
Total Long-Term Liabilities	185,456	32,613	218,069	48,400
Total Liabilities	212,106	56,957	269,063	64,467
<b>Net Assets</b>				
Unrestricted (Deficit)	2,527	(31)	2,496	2,260
Restricted for:				
Debt Service	13,049	-	13,049	-
Capital Asset Needs	5,121	-	5,121	-
Invested in Capital Assets, Net of Related Debt	113,474	69,457	182,931	15,199
Total Net Assets	134,171	69,426	203,597	17,459
Total Liabilities and Net Assets	\$ 346,277	\$ 126,383	\$ 472,660	\$ 81,926

The notes to the financial statement are an integral part of this statement.

COUNTY OF MILWAUKEE  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2007  
(In Thousands)

	Business-Type Activities -- Enterprise Funds			Governmental Activities -- Internal Service Funds
	Airports	Transit System	Total	
Operating Revenues:				
Rentals and Other Service Fees	\$ 52,226	\$ 104	\$ 52,330	\$ 35,673
Admissions and Concessions	12,320	-	12,320	-
Transit Fares	-	48,411	48,411	-
Total Charges for Services	64,546	48,515	113,061	35,673
Other Revenues	13	3,928	3,941	623
Total Operating Revenues	64,559	52,443	117,002	36,296
Operating Expenses:				
Personnel Services	18,760	110,021	128,781	37,716
Contractual Services	14,756	26,235	40,991	13,296
Intra-County Services	9,849	725	10,574	1,878
Commodities	2,400	14,255	16,655	2,766
Depreciation and Amortization	13,795	13,023	26,818	7,960
Maintenance	414	572	986	1,307
Insurance and Claims	-	-	-	6,881
Client Payments	1,224	3,718	4,942	1,296
Total Operating Expenses	61,198	168,549	229,747	73,100
Operating Income (Loss)	3,361	(116,106)	(112,745)	(36,804)
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	35	82,513	82,548	551
Nonoperating Revenue	29	-	29	96
Investment Income	2,070	-	2,070	-
Interest Expense	(7,203)	(1,008)	(8,211)	(1,731)
Total Nonoperating Revenues (Expenses)	(5,069)	81,505	76,436	(1,084)
Income (Loss) Before Contributions and Transfers	(1,708)	(34,601)	(36,309)	(37,888)
Capital Contributions	8,124	1,408	9,532	3,979
Transfers In	9,402	25,093	34,495	58,244
Transfers Out	(12,238)	(3,184)	(15,422)	(24,567)
Change in Net Assets	3,580	(11,284)	(7,704)	(232)
Net Assets -- Beginning (As Restated)	130,591	80,710	211,301	17,691
Net Assets -- Ending	\$ 134,171	\$ 69,426	\$ 203,597	\$ 17,459

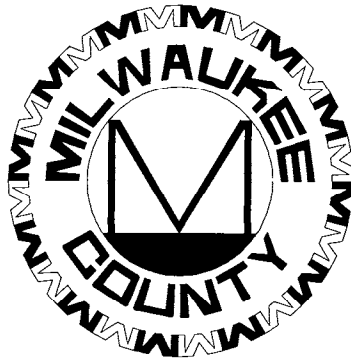
The notes to the financial statement are an integral part of this statement.



COUNTY OF MILWAUKEE  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2007  
(In Thousands)

	Business-Type Activities -- Enterprise Funds			Governmental Activities -- Internal Service Funds
	Airports	Transit System	Total	
Cash Flows Provided (Used) by Operating Activities:				
Receipts from Customers and Users	\$ 71,400	\$ 52,297	\$ 123,697	\$ 4,641
Receipts from Interfund Services	-	-	-	31,371
Payments to Suppliers	(18,456)	(44,181)	(62,637)	(24,757)
Payments to Employees	(17,287)	(117,458)	(134,745)	(33,815)
Payments for Interfund Services Used	(9,849)	(725)	(10,574)	(1,437)
Net Cash Flows Provided (Used) by Operating Activities	25,808	(110,067)	(84,259)	(23,997)
Cash Flows Provided (Used) by Noncapital Financing Activities:				
Intergovernmental Revenues	35	83,183	83,218	812
Transfers From Other Funds	9,402	25,093	34,495	58,244
Transfers (To) Other Funds	(12,238)	(3,184)	(15,422)	(24,567)
Net Cash Flows Provided (Used) by Noncapital Financing Activities	(2,801)	105,092	102,291	34,489
Cash Flows Provided (Used) by Capital and Related Financing Activities:				
Proceeds from Bonds	13,567	203	13,770	5,138
Capital Contributions	8,124	1,408	9,532	-
Principal Payment on Bonds	(8,623)	(1,319)	(9,942)	(5,020)
Interest Paid on Bonds	(6,283)	(661)	(6,944)	(1,741)
Sale of Capital Assets	29	-	29	96
Acquisition of Capital Assets	(32,655)	(928)	(33,583)	(4,990)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(25,841)	(1,297)	(27,138)	(6,517)
Cash Flows Provided (Used) by Investing Activities:				
Investment Income	2,070	-	2,070	-
Net Cash Flows Provided (Used) by Investing Activities	2,070	-	2,070	-
Net Increase (Decrease) in Cash and Cash Equivalents	(764)	(6,272)	(7,036)	3,975
Cash and Cash Equivalents at Beginning of Year	73,817	27,739	101,556	18,591
Cash and Cash Equivalents at End of Year	\$ 73,053	\$ 21,467	\$ 94,520	\$ 22,566
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 3,361	\$ (116,106)	\$ (112,745)	\$ (36,804)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation and Amortization	13,795	13,023	26,818	7,960
(Increase) Decrease in Assets:				
Accounts Receivable	2,894	277	3,171	(271)
Other Receivables	-	(971)	(971)	-
Inventories	-	340	340	10
Prepaid Items	-	31	31	(9)
Other Post Employment Asset	-	(1,844)	(1,844)	-
Other Assets	-	37	37	-
Increase (Decrease) in Liabilities:				
Accounts Payable	338	(740)	(402)	679
Accrued Liabilities	(529)	(1,677)	(2,206)	(89)
Unearned Revenues	3,752	511	4,263	(4)
Compensated Absences	96	(2,822)	(2,726)	(225)
Risk Claims	-	(1,094)	(1,094)	541
Other Post Employment Benefits	1,906	-	1,906	4,215
Other Liabilities	(205)	968	763	-
Total Adjustments	22,447	6,039	28,486	12,807
Net Cash Flows Provided (Used) by Operating Activities	\$ 25,808	\$ (110,067)	\$ (84,259)	\$ (23,997)

The notes to the financial statement are an integral part of this statement.



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COUNTY OF MILWAUKEE  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
December 31, 2007  
(In Thousands)

	Pension Trust Fund	Agency Funds
<b><u>Assets</u></b>		
Cash and Investments:		
US Government Securities	\$ 32,931	\$ -
Notes and Bonds	617,942	-
Federal Agency and Mortgage	52,944	-
Real Estate Investments Trust	54,268	-
Common and Preferred Stocks	811,048	-
Venture Capital Investments	24,838	-
Deposits	17,292	24,091
Total Cash and Investments	<u>1,611,263</u>	<u>24,091</u>
Receivables:		
Pension Trust Fund Contribution	49,794	-
Accrued Interest and Dividends	6,516	-
Other	2,073	-
Securities Lending	105,540	-
Other Assets	<u>3,599</u>	<u>-</u>
Total Assets	<u>1,778,785</u>	<u>24,091</u>
<b><u>Liabilities</u></b>		
Accounts Payable	-	331
Agency Deposits	-	23,760
Securities Lending	105,540	-
Other Liabilities	<u>6,734</u>	<u>-</u>
Total Liabilities	<u>112,274</u>	<u>24,091</u>
<b><u>Net Assets</u></b>		
Held in Trust for Pension Benefits	<u>\$ 1,666,511</u>	<u>\$ -</u>

The notes to the financial statement are an integral part of this statement.

COUNTY OF MILWAUKEE  
Statement of Changes in Fiduciary Net Assets  
Pension Trust Fund  
For the Year Ended December 31, 2007  
(In Thousands)

	<u>Total</u>
Additions:	
Contributions:	
County of Milwaukee	\$ 49,291
Plan Participants	345
Total Contributions	<u>49,636</u>
Investment Income	
Net Appreciation in Fair Value	71,245
Interest and Dividends	33,474
Other Income	1,310
Total Investment Income	<u>106,029</u>
Security Lending Income	7,354
Less: Security Lending Rebates and Fees	<u>(6,940)</u>
Net Security Lending Activity	<u>414</u>
Investment Expense	<u>(4,481)</u>
Net Investment Income	<u>101,962</u>
Total Additions	<u>151,598</u>
Deductions:	
Benefits Paid to Retirees and Beneficiaries	(139,991)
Administrative Expenses	(3,235)
Withdrawal of Membership Accounts	<u>(57)</u>
Total Deductions	<u>(143,283)</u>
Change In Plan Net Assets	8,315
Plan Net Assets Held In Trust for Pension Benefits	
Beginning of Year	<u>1,658,196</u>
End of Year	<u>\$ 1,666,511</u>

The notes to the financial statement are an integral part of this statement.

COUNTY OF MILWAUKEE  
Combining Statement of Net Assets  
Component Units  
December 31, 2007  
(In Thousands)

	Museum	War Memorial Center	Marcus Center	Research Park Corporation	Total
<b>Assets</b>					
Current Assets:					
Cash and Investments	\$ 3,202	\$ 68	\$ 4,977	\$ 757	\$ 9,004
Accounts Receivable	521	-	231	168	920
Accrued Interest Receivable	-	-	24	-	24
Inventories	57	-	6	-	63
Prepaid Items	172	-	57	6	235
Total Current Assets	<u>3,952</u>	<u>68</u>	<u>5,295</u>	<u>931</u>	<u>10,246</u>
Noncurrent Assets:					
Long-Term Investments	-	-	1,779	2,334	4,113
Accounts Receivable	626	-	-	-	626
Other	252	-	248	-	500
Capital Assets (Net)					
Construction in Progress	936	-	-	-	936
Buildings and Improvements	19,221	-	19,382	-	38,603
Machinery, Vehicles and Equipment	9,468	-	1,731	-	11,199
Less: Accumulated Depreciation	<u>(9,616)</u>	<u>-</u>	<u>(9,900)</u>	<u>-</u>	<u>(19,516)</u>
Total Capital Assets (Net)	<u>20,009</u>	<u>-</u>	<u>11,213</u>	<u>-</u>	<u>31,222</u>
Total Noncurrent Assets	<u>20,887</u>	<u>-</u>	<u>13,240</u>	<u>2,334</u>	<u>36,461</u>
Total Assets	<u>\$ 24,839</u>	<u>\$ 68</u>	<u>\$ 18,535</u>	<u>\$ 3,265</u>	<u>\$ 46,707</u>
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable	\$ 1,087	\$ -	\$ 134	\$ 148	\$ 1,369
Accrued Liabilities	534	-	249	2	785
Accrued Interest Payable	127	-	-	-	127
Unearned Revenues	1,577	-	2,507	-	4,084
Bonds and Notes Payable	292	-	405	75	772
Capital Leases	233	-	14	-	247
Other Current Liabilities	-	-	68	66	134
Accrued Pension and Postretirement Benefits	561	-	-	-	561
Total Current Liabilities	<u>4,411</u>	<u>-</u>	<u>3,377</u>	<u>291</u>	<u>8,079</u>
Noncurrent Liabilities:					
Bonds and Notes Payable	21,083	-	2,532	108	23,723
Capital Leases	57	-	57	-	114
Other Noncurrent Liabilities	-	-	27	-	27
Accrued Pension and Postretirement Benefits	8,216	-	-	-	8,216
Total Noncurrent Liabilities	<u>29,356</u>	<u>-</u>	<u>2,616</u>	<u>108</u>	<u>32,080</u>
Total Liabilities	<u>33,767</u>	<u>-</u>	<u>5,993</u>	<u>399</u>	<u>40,159</u>
<b>Net Assets</b>					
Unrestricted (Deficit)	(13,936)	2	4,309	2,701	(6,924)
Restricted	5,008	66	14	165	5,253
Invested in Capital Assets, Net of Related Debt	-	-	8,219	-	8,219
Total Net Assets	<u>(8,928)</u>	<u>68</u>	<u>12,542</u>	<u>2,866</u>	<u>6,548</u>
Total Liabilities and Net Assets	<u>\$ 24,839</u>	<u>\$ 68</u>	<u>\$ 18,535</u>	<u>\$ 3,265</u>	<u>\$ 46,707</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF MILWAUKEE  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Component Units  
For the Year Ended December 31, 2007  
(In Thousands)

	Museum	War Memorial Center	Marcus Center	Research Park Corporation	Total
Revenues:					
Intergovernmental	\$ 175	\$ -	\$ -	\$ -	\$ 175
County Program Support	3,328	1,748	1,280	-	6,356
Charges for Services:					
Contributions and memberships	5,782	115	1,256	54	7,207
Other	2,057	278	2,675	168	5,178
Interest on Investments and Rents	304	646	2,850	933	4,733
Other	896	47	438	1,607	2,988
Total Revenues	<u>12,542</u>	<u>2,834</u>	<u>8,499</u>	<u>2,762</u>	<u>26,637</u>
Expenses:					
Public Works and Highways	-	-	-	2,569	2,569
Parks, Recreation and Culture	12,168	2,828	8,144	-	23,140
Total Expenses	<u>12,168</u>	<u>2,828</u>	<u>8,144</u>	<u>2,569</u>	<u>25,709</u>
Changes in Net Assets	374	6	355	193	928
Net Assets -- Beginning (As Restated)	(9,302)	62	12,187	2,673	5,620
Net Assets -- Ending	<u>\$ (8,928)</u>	<u>\$ 68</u>	<u>\$ 12,542</u>	<u>\$ 2,866</u>	<u>\$ 6,548</u>

The notes to the financial statements are an integral part of this statement.



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**Milwaukee County**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Amounts Expressed in Thousands)**

**Note 1-Summary of Significant Accounting Policies**

The County of Milwaukee, Wisconsin (the "County") incorporated in 1835, is a governmental entity established by laws of the State of Wisconsin and has the power of a body corporate, as defined by s. 59.01 of the statutes of the State of Wisconsin. The Board of County Supervisors (the "Board") governs the County. The Board consists of nineteen members who are elected by the citizens of Milwaukee County. The County also elects seven principal officials who are the County Executive, the County Treasurer, the District Attorney, the County Clerk, the Clerk of Courts, the Sheriff and the Register of Deeds.

The financial statements of the County have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In 2007, the County adopted Governmental Accounting Standards Board Statement No. 45-"Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" (OPEB). This statement addresses how state and local governments should account for and report costs and obligations related to postemployment healthcare and other nonpension benefits. It is effective for fiscal periods beginning after December 15, 2006. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. This statement's provisions may be applied prospectively and do not require governments to fund their OPEB plans. This statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. The County has adopted the provisions of GASB Statement No. 45 for the year ended December 31, 2007. See Note 14- Other Postemployment Benefits for additional information.

Effective July 1, 2007, the Mayor of the City of Milwaukee was designated as the new Chief Local Elected Official for Workforce Development Area #2-geographically defined as Milwaukee County. Additionally, the Mayor appointed a



## **Note 1-Summary of Significant Accounting Policies (Continued)**

new President/CEO to lead the Private Industry Council and appointed a new 33 member Board of Directors. To reflect the changes in leadership, the Board has renamed itself the Milwaukee Area Workforce Investment Board (MAWIB) as of September 25, 2007. Due to the fore mentioned events, The Private Industry Council of Milwaukee County is no longer a component unit of Milwaukee County, because the County has lost the ability to impose its will on the former Private Industry Council of Milwaukee County. The Mayor of the City of Milwaukee appoints all of the members of the governing body and the economic resources held by the PIC are no longer accessible by the County.

In 2007, the County began reporting the activities of its Department of Health and Human Services Behavioral Health Division (BHD) as part of the General Fund. Prior to 2007, BHD had been reported as a separate proprietary fund. The County determined BHD no longer functions primarily as a business-type entity. In 2007, the County property tax levy funded 23.6 percent of the Behavioral Health Division's annual budget, as opposed to 12.1 percent in 1992. In addition, 43.0 percent of BHD's 2007 expenditures represented payments to outside providers for client services, compared to 1992 when BHD did not contract out for any client services. Finally, client services revenue has decreased from \$59,000 in 1992 to \$28,400 in 2007. BHD has evolved from serving solely as a primary provider of client services. Its primary client services operations have decreased over the past 15 years while it's role as a coordinator of services between clients and third-party providers has increased. The current operations and funding of BHD more closely correspond to the departments currently reported as part of the General Fund than a separate business entity.

### **A. The Reporting Entity**

The County complies with the provisions of GASB Statement No.14 and GASB Statement No. 39 in defining the reporting entity and its component units. As defined by GASB Statement No. 14, component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The County is financially accountable for the organization if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County. The County may also be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board. In addition, GASB Statement No. 39 states that a legally

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **A. The Reporting Entity**

separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents, (2) the primary government, or its component units, is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the separate organization, and (3) the economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

As required by generally accepted accounting principles (GAAP) and based on the criteria stated in the above paragraph, the financial statements of the reporting entity include those of Milwaukee County, the primary government, and its four major component units, which are discretely presented.

#### **Component Units**

There are two ways to report component units; blended component units and discretely presented component units. Blended component units are legally separate entities that are in substance part of government operations, as they either have governing bodies that are substantively the same as the board or they provide their services exclusively or almost exclusively to the government. There are no blended component units reported by Milwaukee County.

Discretely presented component units are legally separate entities, which do not meet the criteria for blending. Discretely presented component units are presented as a separate column in the government-wide financial statements and individually in the combining statements for component units in the fund financial statements to emphasize that they are legally separate. As stated above, the County has four major discretely presented component units, which are described below.

Due to the events described in Note 1, the Private Industry Council is no longer considered a component unit of Milwaukee County. Therefore, the County has removed the former Private Industry Council of Milwaukee County from the County's financial statements.

**The Milwaukee County War Memorial Center, Inc** ("The War Memorial Center") is a non-profit organization whose purpose is to operate and maintain the War Memorial Center and the Charles Allis/Villa Terrace Art Museums. The Center also provides services to the Milwaukee Art Museum. The governing

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **A. The Reporting Entity (Continued)**

#### **Component Units (Continued)**

board of the Center consists of fifteen members who oversee the day-to-day operations. The County Executive appoints four board members. The Board of County Supervisors appoints four other board members. The War Memorial Center is presented as a discretely presented component unit of the County because the County appoints the voting majority of the Center's governing body and therefore has the ability to impose its will on the Center. In addition, the County provides the majority of the Center's financial support, thus it has the ability to impose specific financial burdens on the County. The War Memorial Center has a December 31<sup>st</sup> year-end.

**The Marcus Center for the Performing Arts** ("Marcus Center") is a not-for-profit non-stock corporation that offers facilities and services to a wide range of performing arts within the state. This cultural center is home to the Milwaukee Symphony Orchestra, the Milwaukee Ballet Company, the Milwaukee Youth Symphony Orchestra, the Florentine Opera Company, First Stage Milwaukee and other special arts groups within the state. The governing body of the Marcus Center consists of a twenty-five member Board of Directors. The County Executive appoints seven board members. The Board of Directors provides oversight and governance for the Marcus Center. The President and CEO oversee the day-to-day operations. The Marcus Center is presented as a discretely presented component unit of the County because the County owns the majority of the economic resources available to the Marcus Center (the building) and the majority of the Marcus Center's debt has been issued by Milwaukee County, therefore the Marcus Center has imposed specific financial burdens on the County. The Marcus Center has a fiscal year ending December 31<sup>st</sup>.

**The Milwaukee Public Museum, Inc** ("The Museum"), is a non-profit natural history museum, whose purpose is to preserve and protect the collections of the museum and to educate the public through exhibits and research into natural history. The governing body of the Museum consists of a twenty-seven member Board of Directors who oversees the day-to-day operations. The Museum Board appoints 18 members, the County Executive appoints five members, and the County Board Chairman appoints four members. The Museum is presented as a discretely presented component unit of the County because the County owns the majority of the economic resources available to the Museum (the building and the artifacts) and because the County provides a significant amount of financial support to the Museum. As result, the Museum has the ability to impose specific financial burdens on the County. The Museum has a fiscal year ending August 31<sup>st</sup>.

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **A. The Reporting Entity (Continued)**

#### **Component Units (Continued)**

**The Milwaukee County Research Park Corporation**, ("The Corporation") is a non-stock, non-profit organization whose purpose is to advance the economic and social interest of the community. The Corporation was formed solely for the purpose of developing a research and technology park on parts of the Milwaukee County Institution Grounds that are not required for medical or health institution purposes. The governing body of the Corporation consists of a fifteen-member board. The County Executive appoints ten of the members and the County Board Chairman appoints five members. The Corporation is presented as a discretely presented component unit because the County appoints all of the members of the governing board and therefore has the ability to impose its will on the Corporation and because the economic resources held by the Corporation were contributed to the Research Park by the County for the direct benefit of the County and its constituents. The Corporation has a fiscal year ending December 31<sup>st</sup>.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices listed below.

Milwaukee County War Memorial Center  
750 North Lincoln Memorial Drive  
Milwaukee, WI 53202

Marcus Center for the Performing Arts  
929 North Water Street  
Milwaukee, WI 53202

Milwaukee Public Museum, Inc  
800 West Wells Street  
Milwaukee, WI 53233

Milwaukee County Research  
Park Corporation  
10437 Innovation Drive  
Wauwatosa, WI 53226

#### **Related Organizations**

The County Executive of the County is responsible for appointing the members of the board of the following organization, but the County's accountability for this organization does not extend beyond making the appointments.

**Milwaukee County Federated Library System-** The County Executive appoints the seven-member board. One board member is required to be a County Board Supervisor. In accordance with State Statute s. 43.15, it is a co-operative of the fifteen public libraries within Milwaukee County. The system allows for cross border borrowing, in exchange for technological services.

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **B. Measurement Focus and Basis of Accounting**

#### **Government-Wide Financial Statements**

The statement of net assets and the statement of activities report information on all of the non-fiduciary activities of the primary government and its discretely presented component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

#### **Fund Financial Statements**

The underlying accounting system of the County is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **B. Measurement Focus and Basis of Accounting (Continued)**

#### **Fund Financial Statements (Continued)**

purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements are provided for governmental funds, proprietary funds, component units, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County applies GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," when accounting for and reporting intergovernmental revenue transactions. The governmental fund financial statements report these revenues when entitlements to those resources have occurred and all grant requirements have been met. In the government-wide and proprietary fund financial statements these revenues are recognized when entitlement to the resources have occurred and grant requirements have been met, regardless of the timing of the revenues. State shared revenues are recognized as revenues in the governmental funds when the County is entitled to these funds. Intergovernmental grants received for proprietary fund operating purposes, or which may be utilized for either operations or capital expenditures at the discretion of the County, are recognized as non-operating revenues in the accounting period in which they are earned. Intergovernmental grants restricted for the acquisition or construction of capital assets in the proprietary funds are recorded as a component of income.

#### **All Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### **Governmental Funds**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.



## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **B. Measurement Focus and Basis of Accounting (Continued)**

#### **Governmental Funds (Continued)**

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. The County considers inter-governmental revenues to be available if they are collected within 90 days of the end of the current fiscal period. Property taxes, intergovernmental revenues, sales taxes, investment income, rents, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, fines and forfeitures and all other revenue items are considered to be measurable and available only when the county receives cash. Uncollected property taxes of municipalities within the County are purchased and then collected by the County. There is no recourse to the municipalities for the collection of these taxes. The County uses a three-month availability period for these receivables of \$ 11,778.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

#### **Proprietary Funds**

The County's enterprise funds and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets. The enterprise fund activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

Proprietary funds separate all activity into two categories: operating and non-operating revenues and expenses. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **B. Measurement Focus and Basis of Accounting (Continued)**

#### **Proprietary Funds (Continued)**

party receives and gives up essentially equal values. Proprietary fund operating expenses result from providing services and producing and delivering goods. Non-operating revenues and expenses entail all other activity not included in operating revenues and expenses. Non-operating revenues and expenses include capital and noncapital financing activities and investing activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds from long-term debt are recorded as a liability in the fund financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

#### **Fiduciary Funds**

The County uses fiduciary funds to account for assets held in a trustee or agency capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. Trust funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Agency funds report only assets and liabilities and therefore do not have a measurement focus; however, agency funds use the accrual basis of accounting to recognize receivables and payables.

### **C. Basis of Presentation**

**The County has presented the following major governmental funds:**

**The General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those resources required to be accounted for in another fund.

**The Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

**The Capital Projects Fund** accounts for the resources segregated for the acquisition or construction of major capital facilities.



## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **C. Basis of Presentation (Continued)**

**The County has presented the following major proprietary funds:**

**The Airports Fund** accounts for the operations of General Mitchell International and Timmerman Airports. Airport passenger facility charges and related capital expenditures are not accounted for in the airport's enterprise fund but are accounted for as a special revenue fund.

**The Transit System Fund** accounts for the activities of the Milwaukee County Transit System and the Paratransit System. The Transit System provides public transportation in the Milwaukee metropolitan area and is managed by Milwaukee Transport Services, Inc.; a private non-profit corporation. The Paratransit System is also operated by Milwaukee Transport Services, Inc., to provide transportation, using private vendors, for passengers who meet the paratransit eligibility requirements.

**The County has presented the following non-major funds and other fund types:**

**Special Revenue Funds** account for endowments, bequests and restricted donations to the County and passenger facility charges of the Airport, where the principal may be expended in the course of their designated operations. The specific purpose of each fund is as follows:

**Zoo-** Purchase of animals and maintenance of the miniature passenger railroad.

**Parks-** Enhancement of the Todd Wehr Nature Center and maintenance of parks and pathways.

**Persons with Disabilities-** Special projects to help free disabled persons from environmental and attitudinal barriers.

**Behavioral Health Division-** Mental health research, patient activities and special events. Effective January 1, 2007, the County accounts for the compensated absences liability previously reported in the Behavioral Health Division enterprise fund in this special revenue fund. See Note 1 – Summary of Significant Accounting Policies for further information.

**Airport** – established for the collection of Federal Aviation Administration (FAA) approved passenger facility charges to be used for capital projects at the Airport. In addition, a trust is maintained in this fund to secure a pledge by the County for debt repayment of certain debt of local airlines.

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **C. Basis of Presentation (Continued)**

**Health and Safety-** established for Risk Management to work with the countywide safety committee to address safety issues. It also funds costs associated with new employee health screenings.

**Internal Service Funds** account for services provided to other departments and agencies of the government. Information Management Services, Public Works Services, and Risk Management are the County's internal service funds.

**The Pension Trust Fund** accounts for activities of the Employees' Retirement System and OBRA 1990 Retirement System of the County of Milwaukee. This fund accumulates resources for pension benefit payments to qualified Milwaukee County employees. Substantially all full and part-time employees of the County participate in these single-employer defined benefit plans.

**Agency Funds** are custodial in nature and are used to account for resources held by the County as an agent for individuals, private organizations and other governmental units. The significant agency fund within the County is the Civil Court-ordered Family Support/ Payments.

### **D. Assets, Liabilities and Net Assets or Equity**

#### **1. Deposits and Investments**

To facilitate cash management of the County's resources, cash and investments are pooled in common accounts. All cash and investments pooled in common accounts are considered cash equivalents for the purposes of the statements of cash flows. The cash and investment balance in each fund, except for certain Special Revenue, and Agency Funds, and certain cash accounts of the Airport Fund and Transit Fund represent the equity in these pooled resources. Substantially all of the deposits and investments of the Agency Funds are held separately from those of other County funds. The Airports Fund holds certain reserves under Revenue Bond restrictions separately. A portion of cash and investments in the Transit Fund are held in a separate account with Milwaukee County Transport Services, a non-profit corporation. The resources of the Special Revenue, Trust funds, and Agency funds are restricted and are not available to the County to finance its operations.

Statutes authorize the County to invest in State-authorized financial institution time deposits that mature in not more than three years, bonds or securities issued or guaranteed as to principal and interest by the Federal government, bonds or securities of any municipality of the State, securities that mature not more than ten years from the date on which the security was acquired and which

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **D. Assets, Liabilities and Net Assets or Equity (Continued)**

#### **1. Deposits and Investments (Continued)**

has a rating in one of the two highest categories assigned by a nationally-recognized rating agency, repurchase agreements secured by funds or securities issued or guaranteed as to principal and interest by the Federal government, and local government pooled investment funds. In addition, the Pension Board, as administrator of the Pension Trust Fund, is authorized to invest in all types of investments deemed appropriate.

All investments are stated at fair value including investments in the Pension Trust fund.

#### **2. Receivables**

Activity between funds that are representative of lending /borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Milwaukee County has no "Advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds".

Amounts due from private individuals, organizations or other governments, which pertain to charges for services rendered by County departments are reported as accounts receivable. Receivables are reviewed periodically to establish or update the allowance for doubtful amounts. All trade receivables for the Business-type funds are shown net of an allowance for uncollectibles.

Property tax receivables represent the taxes levied on or before December 31; the lien date. Taxes are recognized in the governmental funds as revenue in the year when they are available to finance county services. Since these property tax receivables are not available for the current fiscal year, they are fully reflected as deferred revenues.

Property taxes are levied based on the equalized value, which is computed from January 1, the assessment date, of all general property located in the County. The equalized value excludes tax incremental financing districts. The taxes are due on the last day of January but may be paid in two or more installments, depending on local ordinance.

Delinquent property tax receivable is comprised of the unpaid property taxes the County purchases from other taxing authorities, except the City of Milwaukee, to facilitate the collection of taxes. The purchases are a financing arrangement and

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **D. Assets, Liabilities and Net Assets or Equity (Continued)**

#### **2. Receivables (Continued)**

are reflected as a reservation of fund balance at year-end for amounts considered unavailable. The County's portion of uncollected property taxes within the boundaries of the City of Milwaukee is sold, at the unpaid balance, to the City each year.

Interest is earned on investments and delinquent property taxes. Accrued interest at the end of the year on delinquent taxes, that is not collectable within sixty days are reflected as deferred revenue in the governmental funds.

#### **3. Inventory and Prepaid Items**

Inventories are valued at average cost or current cost, which approximates the first-in/first-out (FIFO) method. Inventories in the governmental and proprietary funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

#### **4. Restricted Assets**

Certain proceeds of the Airports enterprise fund revenue bonds, as well as certain resources set aside for repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. At the end of 2007, these restricted assets were \$ 17,604. As stated earlier (see item 1 under section D in the notes), the Special Revenue and Agency funds are also restricted resources and are not available to the County to finance its operations. The Airport Revenue Bond Interest and Principal Account is used to segregate resources accumulated for the semi-annual debt service payments. The Airport Revenue Bond Debt Service Reserve Account is used to report resources set aside to make up for any future deficiencies that may occur in the Airport Revenue Bond Principal and Interest Account. In addition, Airport revenue bond covenants require that fund equity be reserved for Debt Coverage, and Operations and Maintenance Reserves. The Debt Coverage Reserve Account and the Operations and Maintenance Reserve Account are used to report resources set aside to subsidize potential deficiencies from the Airport operation that could adversely affect debt service payments. When both restricted and unrestricted resources are available to make certain payments, the County uses unrestricted

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **D. Assets, Liabilities and Net Assets or Equity (Continued)**

#### **4. Restricted Assets (Continued)**

resources to liquidate payments. Restricted Airport passenger facility charges totaled \$ 26,900 at the end of 2007.

In addition, at the end of 2007, the Airport had \$ 21,046 of 2004, 2005, 2006 and 2007 revenue bond proceeds that were unspent, and for purposes of this report, are considered restricted.

In addition, the County has restricted \$ 5,703 contributed assets for a \$ 14,400 debt guarantee made by the County on behalf of a local company. The County provided the guarantee in return for a mortgage on specific assets of the company plus \$ 5,000 of cash provided by the company and the State of Wisconsin. These funds act as a debt reserve, and are included in the Airport special revenue fund.

Under a contract agreement between the State of Wisconsin Department of Health and Family Services and the County's Department on Aging Care Management Organization, the County is required to restrict cash of \$ 5,779. This restricted cash is for a working capital reserve, restricted reserve and a solvency reserve under the contract.

#### **5. Capital Assets**

##### **Government-wide Statements**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, drainage, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$ 2,500 (two thousand five hundred dollars) and an estimated useful life in excess of one year. The exception to this is for purchases of data processing equipment in which the initial individual cost has to be more than \$ 1,000 (one thousand dollars). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets received as gifts or donations are recorded at estimated fair market value at the time of receipt.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

## Note 1-Summary of Significant Accounting Policies (Continued)

### D. Assets, Liabilities and Net Assets or Equity (Continued)

#### 5. Capital Assets (Continued)

##### Government-wide Statements (Continued)

Major outlays for capital assets and improvements are capitalized at cost when purchased or constructed and updated for the cost of additions and retirements during the year.

Property, plant, equipment, and infrastructure of the primary government and its component units are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Land Improvements	20-25
Vehicles	5-12
Office Equipment	5-10
Building Improvements	20
Infrastructure	20
Computer Equipment	5

The County owns a collection of zoo animals and a collection of museum historical artifacts. The County's collection of zoo animals and museum historical artifacts meet the definition of a capital asset and normally should be capitalized and reported in the financial statements. However, the requirement of capitalization is waived for collections meeting all of the following conditions, 1) the collection is held for reasons other than financial gain. 2) The collection is protected, kept unencumbered, cared for, and preserved. 3) The collection is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections. With regard to the collection of zoo animals and in accordance with industry practice, animal collections are recorded at the nominal amount of \$ 1 (one dollar), as there is no objective basis for establishing value. Additionally, animal collections have numerous attributes, including species, age, sex, relationship and value to other animals, endangered status, and breeding potential, whereby it is impracticable to assign value. Acquisitions are recorded as expenditures in the period of acquisition. In an ongoing commitment to enhance the worldwide reproduction and preservation of animals, the County shares animals with other organizations. Consistent with industry practice, the County does not record any asset or liability for such sharing arrangements, as generally these arrangements are without monetary consideration.